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EXECUTIVE DIRECTOR

October 7, 1997

Universal Service Administrative Company
100 South Jefferson Road
Whippany, New Jersey 07981

Re: Adoption of Intrastate Discount Matrix for Schools
and Libraries, FCC Order No. 97-157, CC Docket No. 96-45 /

Dear Sirs:

By Order dated June 3, 1997, the Mississippi Public Service Commission (MPSC) adopted an intrastate discount matrix identical to the interstate discount matrix adopted by the Federal Communications Commission (FCC). A copy of the Order is attached hereto.

The adoption of this discount matrix by the MPSC satisfies the condition for eligibility for federal universal service support for schools and libraries in Mississippi.

By copy of this letter, we are advising Sheryl Todd of the FCC and the Office of the Secretary of the FCC, pursuant to the Public Notice of Procedures released by the FCC on September 29, 1997.

Sincerely,

George M. Fleming
General Counsel

GMF/pw

Enclosure

cc: Sheryl Todd, FCC, Universal Service Branch
Office of the Secretary, FCC ✓
Chairman Nielsen Cochran
Vice-Chairman Bo Robinson
Commissioner Curt Hebert
Vicki Helfrich
Helen Soule'

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BEFORE THE
MISSISSIPPI PUBLIC SERVICE COMMISSION

IN RE:	ORDER OF THE MISSISSIPPI PUBLIC SERVICE COMMISSION ESTABLISHING A DOCKET TO CONSIDER COMPETITION IN THE PROVISION OF LOCAL TELEPHONE SERVICE	DOCKET NO. 95-UA-358 SUB-DOCKET: SECTION 254 UNIVERSAL SERVICE
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ORDER

COMES NOW, the Mississippi Public Service Commission (MPSC) and issues this Order adopting the Federal Communications Commission's (FCC) Schools and Libraries Discount Matrix to apply to intrastate services.

I.
Background

In the Telecommunications Act of 1996 (TA96), Congress directed the FCC and the State Commissions to take steps necessary to establish support mechanisms to ensure the delivery of affordable telecommunications service to all Americans, including low-income consumers, eligible schools and libraries, and rural healthcare providers.

More specifically, TA96, Section 254(h)(1)(B) provides as follows:

EDUCATIONAL PROVIDERS AND LIBRARIES. - All telecommunications carriers serving a geographic area shall, upon a bona fide request for any of its services that are within the definition of universal service

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under sub-section (c)(3), provide such services to elementary schools, secondary schools, and libraries for educational purposes at rates less than the amounts charged for similar services to other parties. The discount shall be an amount that the Commission [FCC], with respect to interstate services, and the States [Mississippi Public Service Commission], with respect to intrastate services, determine is appropriate and necessary to ensure affordable access to and use of such services by such entities.

On May 8, 1997, the FCC released its Report and Order (FCC Order No. 97-157, CC Docket 96-45) by implementing the recommendations of the Federal/State Joint Board on Universal Service. Paragraphs 424 through 606 of the Report and Order discussed the discounts for elementary and secondary schools and libraries. The FCC Order provides for the funding of both interstate and intrastate services for schools and libraries. However, eligibility for funding from the interstate Universal Service Fund is conditioned upon the states adopting the federal discount levels for intrastate services. That is, no state funding for intrastate discounts is required so long as the FCC discount levels are adopted.

II. Discussion

The FCC Report and Order provides that eligible schools and libraries may begin to use the discounted services on January 1,

1998, and that they may begin applying to the FCC for this funding on July 1, 1997. The funding will be available on a first-come, first-served basis, subject to the \$2.25 billion annual cap.

The discounts range from twenty percent (20%) to ninety percent (90%) for all telecommunication services, ^①internet access ^②and internal connections. ^③

The aforementioned discounts are to be applied to a pre-discount price. That price must be no higher than the lowest price the carrier charges to similarly situated non-residential customers for similar services. The pre-discount price is the total price that the carriers would receive for the services they sell to schools and libraries. The schools and libraries would pay the carrier only the discounted rate, and the carrier would receive the amount of the discount from universal service support mechanisms. The FCC is not requiring a carrier to file new tariffs to reflect the discounts it has applied for schools and libraries, but rather, discounts will be applied to existing tariff rates where appropriate. The MPSC believes that this is appropriate for Mississippi carriers, as well. Therefore, we will not require that tariffs reflecting the discounts for schools and libraries be filed.

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The level of discounts adopted by the MPSC will not have an impact on the universal service assessments paid by Mississippi carriers. Mississippi carriers and ,therefore, Mississippi ratepayers will be major contributors to the Federal Universal Service Fund. Therefore, if the MPSC does not adopt these discounts levels, Mississippi schools and libraries will not be able to access these funds. The funds instead will go to those states that adopt the federal discount levels for intrastate services.

The FCC adopted the following Schools and Libraries Discount Matrix:

SCHOOLS AND LIBRARIES DISCOUNT MATRIX		DISCOUNT LEVEL	
HOW DISADVANTAGED?		urban discount (%)	rural discount (%)
% of students eligible for national school lunch program	(estimated % of US schools in category)		
< 1	3	20	25
1-19	31	40	50
20-34	19	50	60
35-49	15	60	70
50-74	16	80	80
75-100	16	90	90

The MPSC does not feel that any carrier or any other entity will be prejudiced by the MPSC issuing this Order without notice

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or hearing. Neither is required in this instance. Additionally, the MPSC is under a time constraint to adopt this Order and notify the potential applicants prior to July 1, 1997.

By issuing this Order, the MPSC does not waive any of its rights to file an appeal on other matters contained in the aforementioned FCC Report and Order.

IT IS, THEREFORE, ORDERED as follows:

1. That the MPSC hereby adopts the Schools and Libraries Discount Matrix contained in FCC Order No. 97-157, CC Docket 96-45, and reflected in this Order, for the purposes of allowing our schools and libraries to receive the referenced funding.

2. The Executive Secretary of the MPSC is hereby directed to serve a copy of this Order on the following: Jane Smith, Deputy Director of the State Library Commission; Dr. Tom Burnham, State Superintendent of Education; the Universal Service Administrator of the Federal Communications Commission; Jack Gregory, Executive Director of the Association of County Board of Supervisors; Jim Borsig, Executive Director of the Mississippi Municipal Association; and David Derrick, Executive Director of the Mississippi Private School Association and such other entities as may require notice of this Order.

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3. This Order is to become effective upon issuance. FOO MAY ROOM

Chairman Nielsen Cochran voted Aye; Vice-Chairman Bo Robinson voted Aye; Commissioner Curt Hebert voted Aye.
SO ORDERED on this the 3rd day of JUNE, 1997.

MISSISSIPPI PUBLIC SERVICE COMMISSION



Nielsen Cochran

Nielsen Cochran, Chairman

Bo Robinson

Bo Robinson, Vice-Chairman

Curt Hebert

Curt Hebert, Commissioner

ATTEST: A True Copy

Brian U. Ray
BRIAN U. RAY

Executive Secretary